

SENATE JOURNAL

OF THE

IDAHO LEGISLATURE

SECOND REGULAR SESSION
FIFTY-EIGHTH LEGISLATURE

FIRST LEGISLATIVE DAY
MONDAY, JANUARY 9, 2006

Senate Chamber

At the hour of 12 noon on Monday, January 9, 2006, the time established for the convening of the Second Regular Session of the Fifty-Eighth Idaho Legislature, the members of the Senate convened in the Senate Chamber of the Capitol in the city of Boise, President James E. Risch presiding.

The following Certificate of Election and Appointment was read by the Secretary of the Senate:

STATE OF IDAHO
OFFICE OF THE SECRETARY OF STATE

CERTIFICATE OF ELECTION AND APPOINTMENT

I, BEN YSURSA, Secretary of State of the State of Idaho and legal custodian of the records of elections held in the State of Idaho, do hereby certify that the following is a full, true, and complete list of those elected or appointed to serve as members of the Senate of the Second Regular Session of the Fifty-eighth Legislature, as shown by official records on file in my office:

DISTRICT	NAME
1	Shawn A. Keough(R)
2	Joyce M. Broadsword(R)
3	Michael "Mike" Jorgenson(R)
4	John W. Goedde(R)
5	Dick Compton(R)
6	Gary J. Schroeder(R)
7	Joe Stegner(R)
8	R. Skipper "Skip" Brandt(R)
9	Monty J. Pearce(R)
10	John T. McGee(R)
11	Brad Little(R)
12	Curt McKenzie(R)
13	Patti Anne Lodge(R)
14	Hal Bunderson(R)
15	John C. Andreason(R)
16	David Langhorst(D)
17	Elliot Werk(D)
18	Kate Kelly(D)
19	Mike Burkett(D)
20	Gerry Sweet(R)
21	Russell M. Fulcher(R)
22	Tim Corder, Sr.(R)

23	Tom Gannon(R)
24	Charles H. Coiner(R)
25	Clint Stennett(D)
26	Dean L. Cameron(R)
27	Denton Darrington(R)
28	J. Stanley Williams(R)
29	Bert C. Marley(D)
30	Edgar J. Malepeai(D)
31	Robert L. Geddes(R)
32	Melvin "Mel" Richardson(R)
33	Bart M. Davis(R)
34	Brent Hill(R)
35	Don M. Burtenshaw(R)

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of Idaho. Done at Boise, the Capital of Idaho, this Nineteenth day of December, in the year of our Lord, Two Thousand and Five, and of the Independence of the United States of America, the Two Hundred and Thirtieth.

/s/ BEN YSURSA
Secretary of State

The Certificate of Election and Appointment was ordered filed in the office of the Secretary of the Senate.

Roll call showed all members except Senators Pearce and Richardson, absent and formally excused by the Chair.

Prayer was offered by Chaplain Don Hardenbrook, Associate Pastor, Nampa Church of the Brethren, Nampa, Idaho.

On request by President Pro Tempore Geddes, granted by unanimous consent, the Idaho State Police Honor Guard, represented by Troopers Kevin Haight, Sheldon Kelley, Vern Hancock, and Scott Tulleners entered the Chamber. The Honor Guard was accompanied during their entrance and exit by Sergeant Rich Fuhrman, Bagpiper, Boise Police Department. President Pro Tempore Geddes provided a brief history of the flag ceremony tradition.

The Pledge of Allegiance was led by Sarah Jane McDonald, Senate Sergeant at Arms. President Risch presented the Idaho State flag to the Honor Guard to be raised above the Senate dome to fly during the Second Regular Session of the Fifty-eighth Idaho Legislature and the Honor Guard exited the Chamber.

On request by Senator Davis, granted by unanimous consent, the Senate advanced to the Tenth Order of Business.

Motions and Resolutions

On motion by Senator Davis, seconded by Senator Stennett, by voice vote the Rules of the Senate and Joint Rules of the Senate and House as adopted by the First Regular Session of the Fifty-eighth Idaho Legislature were adopted as the temporary rules of the Second Regular Session of the Fifty-eighth Idaho Legislature.

On request by Senator Davis, granted by unanimous consent, the President appointed a committee consisting of Senator Burtenshaw, Chairman, and Senators Gannon, Broadsword, Malepeai, and Werk to notify the Governor that the Senate is now organized and ready to conduct business.

The committee was excused.

On request by Senator Davis, granted by unanimous consent, the President appointed a committee consisting of Senator Lodge, Chairman, and Senators Coiner and Langhorst to escort the committee from the House of Representatives into the Senate Chamber. Representatives Clark, Barrett, and Pasley-Stuart informed the Senate that the House is now organized and ready to conduct business.

The committee was excused.

On request by Senator Davis, granted by unanimous consent, the President appointed a committee consisting of Senator McKenzie, Chairman, and Senators Corder and Marley to notify the House of Representatives that the Senate is now organized and ready to conduct business.

The committee was excused.

The committee appointed to wait upon the Governor returned and reported that the Governor sent his best wishes to the Senate members.

The committee was discharged.

The committee appointed to wait upon the House of Representatives returned and reported that they had conveyed the message to the House and the House expressed their best wishes for a productive session.

The committee was discharged.

On request by Senator Davis, granted by unanimous consent, the Senate returned to the Ninth Order of Business.

Messages from the House

January 9, 2006

Mr. President:

I transmit herewith **HCR 30** which has passed the House.

JUKER, Chief Clerk

HCR 30 was filed for first reading.

On request by Senator Davis, granted by unanimous consent, the Senate advanced to the Eleventh Order of Business.

Introduction, First Reading, and Reference of Bills, House Petitions, Resolutions, and Memorials

HCR 30, by Denney and Jaquet, was introduced and read at length.

Moved by Senator Davis, seconded by Senator Stennett, that all rules of the Senate interfering with the immediate consideration of **HCR 30** be suspended. The question being, "Shall the rules be suspended?"

Roll call resulted as follows:

AYES--Andreason, Brandt, Broadsword, Bunderson, Burkett, Burtenshaw, Cameron, Compton, Coiner, Corder, Darrington, Davis, Fulcher, Gannon, Geddes, Goedde, Hill, Jorgenson, Kelly, Keough, Langhorst, Little, Lodge, Malepeai, Marley, McGee, McKenzie, Schroeder, Stegner, Stennett, Sweet, Werk, Williams.
Total - 33.

Absent and Excused-- Pearce, Richardson. Total - 2.

Total - 35.

More than two-thirds having voted in the affirmative, the President declared the rules suspended and announced that **HCR 30** was before the Senate for final consideration, the question being, "Shall the resolution be adopted?"

On motion by Senator Davis, seconded by Senator Stennett, **HCR 30** was adopted by voice vote, title was approved, and the resolution ordered returned to the House.

On request by Senator Davis, granted by unanimous consent, the Senate advanced to the Twelfth Order of Business.

Second Reading of Bills

On motion by Senator Davis, seconded by Senator Stennett, by voice vote the Senate recessed at 12:40 p.m. until the hour of 6:30 p.m. of this day.

RECESS EVENING SESSION

The Senate reconvened at 6:30 p.m., pursuant to recess, President Risch presiding.

Prior to recess the Senate was at the Twelfth Order of Business, Second Reading of Bills.

Roll call showed all members present except Senators Corder, Goedde, Pearce, and Richardson, absent and excused.

On request by Senator Davis, granted by unanimous consent, the Senate went at ease for the purpose of attending a joint session to hear the Governor's State of the State Address and Budget Address, and the State of the Judiciary Address by the Chief Justice of the Supreme Court.

JOINT SESSION

Pursuant to **HCR 30**, the hour of 7 p.m. having arrived, the members of the Senate entered into the House Chamber and met in Joint Session with Speaker Newcomb presiding.

Roll call of the House showed all members present.

Roll call of the Senate showed all members present except Senators Corder, Goedde, and Richardson, absent and excused.

On request by Representative Denney, granted by unanimous consent, the Speaker appointed three committees to wait upon the

Supreme Court Justices and Appellate Court Judges, the elected officials, and the Governor and escort them to the House Chamber.

The Speaker appointed Senators Darrington and Burkett and Representatives Field and Boe as the committee to wait upon and escort the Supreme Court Justices and Appellate Court Judges to the House Chamber.

The Speaker excused the committee.

The Speaker appointed Senators Cameron and Kelly and Representatives Miller and Martinez as the committee to wait upon and escort the elected officials to the House Chamber.

The Speaker excused the committee.

The Speaker appointed Senators Davis and Stennett, and Representatives Denney and Jaquet as the committee to wait upon and escort the Governor to the House Chamber.

The Speaker excused the committee.

The committees appointed by the Speaker returned and escorted the Supreme Court Justices, Appellate Court Judges, the Constitutional Officers, and the Governor into the House Chamber where they were presented to the Joint Session by the Speaker.

The Speaker introduced His Excellency, the Governor of the State of Idaho, Dirk Kempthorne, and the following **State of the State and Budget Address** was delivered by the Governor:

Mr. Speaker. Mr. President. Members of the Legislature. Mr. Chief Justice and distinguished members of the Judiciary. Fellow Constitutional Officers. My fellow Idahoans.

It is an honor to be here once again, to speak to you about the state of our state. In this historic building we once again come to do the people's work. When we walk into these hallowed halls, we leave our personal matters behind to work for the greater good. It is part of the miracle of our American democracy.

We build upon the work of the generations who came before us, but we also lay the foundations for future generations of Idahoans. Our work is guided by the values our citizens cherish: strong and healthy families; safe and vibrant communities; and responsible stewardship of Idaho's rugged and pristine outdoors. There is no place in the world like Idaho.

Now for the task before us. Part of our work is to continue to govern: to debate public policy, to balance the budget, and to maintain the services on which our people depend. But we also have many opportunities to do extraordinary things for our citizens, to invest in Idaho's future, to do things that may only happen once in a generation, but which will benefit many generations.

This year, we will add another chapter to the story of Idaho. We did not pen the first page, nor will we write the last, but our contributions will be lasting. Over the past few years, we have led in times of surplus and in times of sacrifice, in times of peace and in times of war.

When I took office seven years ago, no one could have predicted what would happen over the course of a few short years. But I said then that Idaho would be a leader among the fifty states. When state economies plunged into the worst recession since World War II, with the rest of the nation, we went from record surpluses to historic shortfalls. But again, I said that Idaho would lead the way out of the recession and we have.

When the rains from the economic storm came down, we built our budget upon the rock of fiscal conservatism, with an eye for the future. Together, we carried out a plan to get us through the tough times. Because of our choices, I'm proud to say that the State of our State is stronger than ever:

25,000 new businesses filed with the Secretary of State.

1. 23,000 new jobs.
2. Business and job growth ahead of 46 other states.
3. Unemployment at an unprecedented 3.4%—the first time in Idaho history.

No matter how you measure it, Idaho is thriving.

Some pundits and even some economists may be stunned by our remarkable recovery. But I'm not surprised. This is no accident. We made the right decisions over the past several years and as a result, our budget is balanced, our economy is full steam ahead, and the structural imbalance plaguing us is no more.

Tonight I submit to you a budget that is responsible, sensible, and doable. For Fiscal Year 2007, I am proposing a two billion, three hundred nine million dollar general fund budget. It meets the critical needs of education, health care, and public safety and it keeps general fund expenditures to a mere 5.90% growth.

We began this fiscal year with a starting balance of 214 million dollars and revenues remain above target. Despite the growth in state revenues, we will continue to control the growth of state government. We must not overextend the taxpayer's money.

Even though the economy has been very strong, home budgets are as tight as ever because of rising energy costs. Here's what one of our newspapers said: "HIGH COST OF HEAT LEAVES VALLEY RESIDENTS COLD." And if the headline isn't compelling enough, then listen to what citizens across the state have told me. My office received a call from a mother who spent one-fourth of her monthly budget on utility bills. I received an email from a family of eight, who had their power turned off right before Christmas. And a single mother wrote about having to dress her three-year old in two sweaters and wrap her eight month-old in extra blankets just to fend off the cold.

My budget includes more than 63 million dollars in one-time energy assistance to help Idahoans with their rising energy costs. Every Idaho resident who filed a 2004 individual tax return or the grocery tax credit will receive a check fifty dollars for each man, woman and child who qualifies. That family of eight will receive 400 dollars.

We are all feeling the impacts. For many families, this is an emergency, and so I'm asking you to make this measure effective immediately. As soon as you approve the legislation, I'll sign it and within fourteen days the first checks will be on their way.

In addition to this one-time energy assistance, I am proposing that we transfer 67 million dollars to the Budget Stabilization Account. This is a prudent course of action for our state budget and it gives us a healthy reserve of over 105 million dollars -- the largest in Idaho history.

One of the reasons that we did not have to make drastic cuts to vital programs in the recent recession was because of the dedicated work of our state employees. There are countless examples of state employees taking on more responsibilities and doing more with less to serve their fellow citizens. Because we often leave to the last the question of salary increases for state employees, I think it's time to demonstrate their value to us by making it the first item we address. Therefore, I'm recommending a 3% salary increase and rather than wait until July first, I'd like to make it effective at the end of this month.

There are also special needs among correctional officers, parole officers, and the Idaho State Police. Many of these men and women work in environments that put them at great personal risk. I'm asking for additional money for these classifications. Send me this legislation so our employees can see the increase in their checks by the end of February.

Also at the top of my agenda is the major Medicaid reform that I first announced in November. Medicaid is among the fastest growing parts of the state budget. But to cure the systemic problems and to reign in the escalating costs, we must do more to modernize the system. Unless we do something, we'll be forcing the care of our grandparents to be in direct conflict with the education of their grandchildren.

We must be proactive in our approach, focusing on results instead of rules, outcomes instead of regulations. My common sense plan will simplify the system, reduce costs, and turn our attention to prevention, wellness and personal responsibility.

We'll begin by redesigning Medicaid into three distinct programs: one for low-income children; another for individuals with disabilities or special health needs; and a third for the elderly. Each program will be tailored to meet the needs of each population. I believe that by working together, with a little common sense, innovation, and Idaho ingenuity, we'll be the model for National Medicaid reform.

Through all of the budget cuts of the past years, we have kept education off the chopping block. Now, we're in a position to make additional investments in our public schools. For fiscal year 2007, my budget recognizes the importance of our public schools with a first-ever appropriation of over a billion dollars—one billion, thirty-five million to be exact. This historic investment represents a 4.89% increase over last year's appropriation.

But improving education is not merely a factor of funding. We have already improved our public schools by focusing on reading, math, and science. Now, I'm proposing another common sense reform. High school curriculum must reflect what business is demanding: even more math and science. Two years of instruction in these core areas is not enough to prepare our young people for the workforce.

The State Board of Education has recommended requiring four years of math and three years of science for graduation from Idaho high schools. This will keep our students competitive with those in other states and other countries, and it will bring our minimum high school standards in line with our own state college entrance requirements. My budget includes the funds requested to implement high school reform. We live in a 21st Century economy. We need a 21st Century education.

Another area of our school curriculum that is in need of reform is physical education. In a world where fast food and a sedentary lifestyle are becoming the norm, it's imperative that we give our children opportunities to develop lifelong habits of physical fitness.

Unfortunately, video games have replaced sports as the normal after school activity for our youth. Why would a 12 year-old want to play catch with his neighbor when he can throw a touchdown pass to an NFL all-star to win the Super Bowl - all without leaving the comfort of his couch? Some studies point to the tragic reality that if this trend continues, today's generation of children will have a shorter life expectancy than we do. We must not allow this trend to continue. It's time to revitalize and strengthen physical education around the state. You'll find a healthy investment in my budget to do just that.

We can raise the standards, but there is no replacement for a good teacher. From physical science to physical education and music to math, our teachers are on the front lines of preparing our children for the future. Idaho has some of the best, most dedicated teachers in the country. Every day, they enter the classroom to teach, inspire, and encourage our children. To all of our hard working teachers, we say thank you.

My budget includes a 27 million dollar increase for teacher salaries. As a part of this investment, I want to increase the starting wage for this noble profession. Two years ago we raised the starting teacher salary to 27,500 dollars. This year, my budget includes ongoing money to increase it once again to 30,000 dollars. When you approve this measure, we can all be proud that in the last few years, we will have raised starting teacher salaries by 20%.

Just a few weeks ago, the Idaho Supreme Court ruled on the constitutionality of our historical mechanism for funding local school construction and maintenance. In their view, reliance on the traditional school bond election process has not produced the guarantees required by our constitution.

We have already taken some important steps to encourage school districts to pass school bonds and build new schools. We implemented a plan to pay a portion of the interest on new school bonds. We have already partnered with twenty-four local school districts to build or improve schools across the state.

My budget includes 4.5 million dollars to continue this commitment, which is projected to grow to more than 22 million dollars annually by the year 2025. Many of the districts with the greatest facility needs now have new schools thanks to this partnership with the state. Many more will benefit and we're committed to the process.

Despite our progress, the Court expects more. Fortunately, they have recognized that this is a problem best solved by the political process. One of the options the Court gave us to consider is what I proposed seven years ago: lowering the supermajority for school bond elections. I support lowering the supermajority to 60% if school districts hold their bond elections concurrent with the primary or general election.

This is a constitutional matter and it will require a constitutional amendment. So it's time to put this question before the citizens of the State of Idaho by placing it on the ballot.

In higher education, we have also made investments that will benefit generations of future students. My budget for colleges and universities provides a 4.8% increase over the current fiscal year, and includes full funding for salaries, inflation, and increased enrollment. And just as with other state employees, the salary increases for faculty and staff will be effective at the end of this month.

Our faculty and staff are part of the reason that our Colleges and Universities are among the best in the country. But the stark reality is that Idaho ranks low compared to the rest of the nation in the percentage of high school graduates who go directly to college. Why? Part of that may be accessibility. Part may be affordability.

For too long we have asked our universities to be all things to all people, but the simple truth is that a University is a University. It is not a community college. It is not a professional-technical school.

I'm presenting a plan that will make community college classes accessible and affordable to more Idahoans. I propose investing \$5 million dollars to begin the process of creating a new statewide community college network. My proposal does not call for any new investments in brick and mortar. The community college of the 21st Century, with all of our technological assets and existing infrastructure, does not require a brick and mortar approach.

Instead, this initiative utilizes existing facilities and resources around the state, including public schools, private businesses and government buildings to meet community needs. Under my plan, instead of having to travel to a college campus miles away, students might expect to attend classes at the local high school, a corporate conference room, or a room in city hall or a county courthouse.

We have some great models to follow in North Idaho College and the College of Southern Idaho. These community colleges have already begun to expand their services to rural communities in the Mini-Cassia area and the Silver Valley, among many others.

And these true community college programs will grow as enrollment grows. In this way, these programs will be self-sustaining and life sustaining for individuals who want better jobs, a better education, and a better quality of life.

I have spoken with our college and university presidents, school superintendents, and business leaders who recognize the urgent need and have pledged their support for my "Idaho College"

initiative. Let's take the next step to make college classrooms available in every part of the state.

Investing in education is the best way we can give our citizens the hope of a bright future. Unfortunately, too many of our young people are getting their education on the streets and end up in prison. Last year, I created the Criminal Justice Commission, including members of all three branches of government, law enforcement, and other community partners. They have undertaken an extensive review of the most significant criminal problems facing Idaho. They have worked tirelessly and I've taken their recommendations to heart.

On the top of that list, we're going to make our already tough sex-offender laws even tougher. First, I propose doubling the maximum sentences for the most severe sex crimes. Let's give judges greater authority to keep these predators off the streets and behind bars.

For those sex offenders who serve their time, we currently require that they register once a year with the state. That's not good enough, especially for violent sexual predators. That gives them a one-year head start if they ever decide to move or re-offend. I propose increasing the frequency of registration for violent sex-offenders from once a year to quarterly. I also propose requiring these violent predators to verify their address with the Idaho State Police every month. And when a sex offender moves to Idaho intending to stay here, they'll have forty-eight hours to notify the authorities of their presence.

For those who hide from the law or fail to register, we're also going to double the maximum sentence. I have a message for sex offenders, you can live by our rules or you'll live behind bars.

Another serious problem is gang activity. As the population grows, gangs will only get worse, unless we act. Idaho currently has no laws against gangs, but we must eradicate this social epidemic before it infects every community.

And when I talk about gangs, I want to dispel the image of the unsophisticated street thug. This is organized crime. They run like a business, but their business is no good.

Gang members can be as young as 10 and well into their 50's. In some cases gang membership is a family tradition with third generation gang members. But this is one family tradition that we won't pass on in Idaho.

This session, I will send you legislation to criminalize gang activity. We will make gang recruitment illegal. We will enhance the penalties for gang members who commit crimes. And, we will make it a felony to supply firearms to a criminal gang.

And with this anti-gang legislation, we're sending a clear message: Gangs are not welcome in Idaho.

This year, we will also take another step in our continuing fight against methamphetamine. Thanks to our anti-meth initiative, we have shut down more than 760 labs in seven years; on average, we've taken out two labs every week since I took office. We've been tough on meth and the word is out. We must make it harder than ever to Peddle this Poison in Idaho.

It's time to require that pseudo-ephedrine, the key ingredient in meth, be kept behind the counter. We are one of the only states that doesn't safeguard it. Some Idaho counties and cities already impose requirements on vendors. Some vendors safeguard pseudo-ephedrine voluntarily. But we need uniformity and predictability across the state. It's time we make this simple fix.

Being tough on crime is good for our communities and it's good for our state. One of the reasons that Idaho is the third fastest growing state is because of our low crime rate.

Idaho is a safe place to raise a family, because we don't tolerate those who prey on others, we put them in prison. But this means our prison population will continue to grow.

In spite of our best efforts to control the growth of our prison population, we have reached a point where we need more room in order to keep our communities safe. I'm recommending 16 million dollars for the addition of 300-beds at the privately-run prison. With county jails full and some Idaho inmates already housed out-of-state, the choices are slim: start releasing inmates or make room for more. In Idaho, if you do the crime, you do the time.

But while we lock people up, we don't always throw away the key. In our prisons, a tragic 85% of offenders have a substance abuse problem. However, addicts can recover with proper treatment. Last year I announced that Idaho received a 22.8 million dollar federal grant to create a system to help more addicts get access to treatment. Since we obtained the grant, we have helped over 5,000 people receive recovery support services and treatment.

And in our prisons, because many of our inmates can and will be released after serving their time, we must continue to focus on rehabilitation. We have seen the success of drug treatment programs in our prison system. This year we'll take our efforts a step further. We will rehabilitate offenders and assist them with their reentry back into society. My budget includes funding for a 400-bed community-based treatment center. That's 300 prison beds and 400 treatment beds. That's a net gain of 700 beds that will not only help relieve the pressure in our prisons, but change lives for the better.

One of the best ways to keep from having to build prisons is to ensure that our children are loved and cared for so they don't get into trouble in the first place. From the very start of my administration, I have focused on families and children, declaring this the Generation of the Child.

We have worked to make sure that our children get the immunizations they need to live healthy lives. In fact, we have been recognized by the Centers for Disease Control for having the largest increase in the country in our childhood immunization rate. We have also improved access to health care for many children. Nearly 70,000 children have health care today who were not covered seven years ago.

One of our greatest achievements has been to create a Culture of Caring. We have started an ongoing dialogue between parents and teachers, lawmakers and community leaders, all in an effort to

increase awareness, understanding, and cooperation on the issues that most affect our children and families.

One of the great advocates has been our First Lady. Patricia has been tireless in working for Idaho families and Idaho is fortunate to have her.

Our efforts have matured over the course of seven years. We have accomplished much, but there is more to do. To continue our emphasis on families and children, I propose creating the Office for Families and Children within the Executive Office of the Governor. This effort will formalize Idaho's commitment to promoting healthy and well-educated children, and strengthening families.

With a small investment, the Office for Families and Children will facilitate the exchange of information and ideas to help strengthen our communities and protect our young people. It will also help streamline government services designed to reinforce the family unit. This is a positive step forward. Idaho families and children deserve our continued support.

In the area of economic development, we have been aggressive at expanding opportunities for Idaho businesses. We have a great success story in our continued efforts to sell Idaho goods and services around the world. Our trade missions to Asia and Mexico have opened doors for Idaho exports and built relationships that are already producing results. We estimate that our international exports from 2005 will exceed 3 billion dollars. This is big business for Idaho companies and agriculture.

Central to our ongoing success are the Idaho trade offices located in key international markets. This year, we can further enhance Idaho trade by expanding our presence in Asia. First, I propose reestablishing our part-time trade office in Japan. And with increasing opportunities in China, I propose making our Shanghai trade office full-time. Idaho is open for business, here and around the world.

Science and technology continues to be one of the driving forces behind the strength of Idaho's economy. I am recommending the full request of the Science and Technology Advisory Council. This includes funding for our TechConnect offices throughout the state; grant money for Idaho companies competing for federal research dollars; and increased funding for our universities for research and technology transfer.

This year, we must also continue to invest in rural Idaho through my Rural Initiative. Many of the new jobs in our smaller communities are the direct result of this initiative. I am proposing an additional 700,000 dollar investment. With your support, we'll bring funding for the Rural Initiative to 3.5 million dollars, of which 500,000 dollars is earmarked for science and technology projects. The rural initiative has benefited more than 60 communities, by building infrastructure and creating jobs. This is part of the reason that we're leading the nation in economic recovery. Let's continue this tremendous story of success.

Another great success story is what's happening in the area of species conservation. Our salmon and steelhead are returning to Idaho rivers. The wolf management plan you approved three years ago is now in place. Last week I signed an agreement with the

Secretary of Interior that gives Idaho the authority for the day-to-day management of wolves. This is the first such agreement between the Secretary and any governor, and it gives the state management of a reintroduced species before delisting. Although it was an historic agreement, we won't stop until we make history by delisting wolves in Idaho.

By the end of the year, I also expect that the Yellowstone Grizzly Bear will be removed from protection under the Endangered Species Act in portions of Idaho. Grizzly bears may be here to stay, but thanks to the state plan that you helped develop, federal management of this species is on its way out.

There has been a lot of discussion about local property taxes. I recognize the problem: nobody likes property taxes. But the state does NOT assess, collect, or spend a single penny of property taxes.

As a former Mayor, I understand the primary role that local governments play in public health, fire protection, law enforcement, road construction, and economic development. My budget continues the state's historical support of local government.

My budget includes nearly 142 million dollars from sales tax for cities and counties. We're also giving almost 29 million dollars from the liquor tax to cities and counties. Consider the 9.6 million dollars from the cigarette tax that goes to cities and counties; the 18.2 million dollars for Catastrophic Healthcare that goes to the counties; and the 9.7 million dollars that goes to fund the Health Districts serving all 44 counties. My budget also includes more than 112 million dollars in other direct property tax relief to local government. In all we send over 325 million dollars a year to local governments to help fund local services, which otherwise would come from property taxes. The state is already a strong partner in its support of local government.

If citizens believe they are paying too much in property taxes, that debate belongs in the county courthouses and the city halls.

Having said that, I recognize that property taxes are an increasing burden. I have a genuine concern in those areas of the state with rising property values, that seniors, those on fixed incomes, and the disabled might be priced out of their homes. It should never be the case that growing property taxes force a citizen from their home.

That's why we implemented the Property Tax Circuit Breaker, to help those eligible pay their property taxes. Twenty-six thousand households currently benefit. I propose helping an additional 10,000 households—that's households, not individuals—by increasing the circuit breaker from 15.4 million dollars to 22.7 million dollars. With this increase we will help 36,000 families pay their property taxes and stay in their homes.

Expanding the circuit breaker will help, but we're also going to put in place a safety net to break the fall for those who have no other options. I'm proposing that we give seniors and the disabled, who meet the criteria of the Circuit Breaker, the added ability to defer their property taxes. The state will pay the deferred taxes as long as it's needed to keep them in their home. As the state is

repaid, the money will go into a revolving fund, helping seniors and the disabled in perpetuity.

Now while we're talking about property, I want to comment on another problem that could affect property owners and local governments. Last year the United States Supreme Court ruled that governments can take private property from one person and give it to another for private economic activity. This decision erodes private property rights. This is unacceptable. The Court's opinion forces us to ask the question: Will we allow government to take your home or property and give it to private developers? I have a bill that says, not in Idaho, not now, and not ever.

We value private property. We also have some public property in Idaho that is absolutely incredible. Idaho's thirty state parks have been called the jewels of the gem state.

These parks are important to tourism, Idaho's third largest and fastest growing industry. Tourism provides 47,000 jobs and has a 2.1 billion dollar impact to our economy. Part of that comes from the 2.5 million annual visitors to Idaho state parks.

Any investment in our state parks is an investment that will pay big dividends. And it's not just money we're talking about, it's memories—memories that will last for generations. So, I am proposing that we make a once-in-a-generation investment in our state park system.

If I say names like Yellowstone or Yosemite, it evokes great images. So do names like Heyburn and Harriman. These are special places, but parks like these don't just happen. It takes vision and commitment.

We've identified six parks across the state that are in need of updating and repair. In many instances, if we don't act, we will not only lose historic buildings, but we'll miss an opportunity to save these parks for the next generation.

In the north, on the shores of beautiful Lake Coeur d'Alene, Heyburn State Park, our first state park, is in danger of becoming merely a memory. It's time to renovate and reopen the lodge and other facilities, so that Heyburn State Park is around for another 100 years.

Much like Heyburn, Harriman State Park, located along the Henry's Fork of the Snake River in Fremont County, also needs serious repair. I propose building a visitor center, and renovating the ranch-style structures to make this park a destination once again.

In Valley County, Ponderosa State Park sits on some of the most beautiful land in Idaho. We will build a rustic lodge and family cabins, and reopen public access to the beach near the old Lakeview Village.

Eagle Island State Park along the Boise River, with our rapid population growth, will become as valuable to the Treasure Valley as Central Park is to New York City. But unless we make the investment, Eagle Island's potential will not be realized. My proposal adds needed improvements: campgrounds, equestrian trails, and more greenbelt along the Boise River.

In the Hagerman Valley, at the Billingsley Creek Unit of Thousand Springs State Park, we intend to remodel the popular Garden Center, build a small outdoor concert amphitheater, and expand the equestrian arena.

Near the Idaho-Utah border, Castle Rocks State Park is quickly becoming one of our nation's rock climbing meccas. However, the facilities are inadequate. We need more campgrounds, and there's need to remodel the traditional Ranch House that welcomes visitors.

Finally, and perhaps most significantly, we will build a new State Park in Eastern Idaho. This corner of our state is experiencing explosive population growth and the fact is that there is significant demand for citizens to have a place to spend time with their families and enjoy the beauty of the State of Idaho.

I spend a lot of time in our state parks. I love sitting around a campfire and I enjoy seeing so many families with their children doing the very same thing. When we take our children there, they make memories that last a lifetime.

What's unfortunate is that we probably won't see these same children and their families around the Statehouse because they're not organized and they don't know how to lobby. But let me assure you, on their behalf, that these repairs and improvements are important.

With this one-time money, let's make a once-in-a-generation investment in a world class park system. This is our responsibility, just as the leaders of previous generations had the vision to create the State Park System. They didn't put it off for someone else to do and neither should we.

It was this kind of once-in-a generation investment that brought us this wonderful State Capitol. The year 2005 marked the centennial of the beginning of the construction on this magnificent structure. The Statehouse is steeped in history and tradition. But we only have this building because our forefathers had the vision 100 years ago to build a house that was equal to the majesty of our people.

With each passing year, the Statehouse falls further into disrepair. Five years ago, we committed to restoring the Capitol. We delayed the project because of the recession. One year ago, I recommended that we begin the restoration of our century-old State Capitol.

Well, here we are twelve months later. The building is still unprotected from fires. We lack emergency exits, and the out-of-date elevators are still unable to accommodate a gurney in the event of a medical emergency. Nothing has changed regarding the need for this restoration project—nothing except this building is one year older and construction inflation costs have gone up five million dollars.

To your credit, we have identified a revenue source to now pay for this restoration. With that revenue stream in place, no more delay. It is my intention, that on September first of this year, we will vacate the building and begin the renovation.

Delay can also mean increased costs with highway construction. That's why last year we approved bonding for 30 years of new highway projects all across Idaho. This is one of the reasons that people called last year's session one of the most progressive and significant sessions in the state's history. We are taking advantage of today's dollars to build a generation of highways, but it's not getting any cheaper. We have already issued the contract to underwrite the bonds, and soon, we will have the contract in place to manage the projects. Today, I ask you to approve the funding necessary to begin construction.

If anyone questions the need or the support for this, just go ask the citizens. We're going to save lives and increase commerce. We're ready to go; let's get rolling.

As we commence this second session of the 58th Idaho Legislature, I want to share a part of what I experienced over the past few years. We live in freedom and practice our form of democracy because men and women serve our country in the armed forces. Many Idahoans are currently serving in Afghanistan, Iraq and other places around the world.

Our troops are in the middle of history: fighting a war against terrorism and bringing freedom to a people who have suffered the worst kind of oppression. Members of the 116th Cavalry Brigade, the 183rd Aviation Battalion, the 124th Wing, the 189th Air Lift Squadron, the 266th Range Squadron, the Gunfighters of Mountain Home AFB, US Marine Reservists from Charlie Company, and many other active duty and reserve soldiers, sailors, airmen and marines are part of helping to lay the foundation of freedom in the Middle-East. As democracy in the Middle-East takes form, Idahoans are playing a vital role and we can be proud of their service and sacrifice.

Through all of this, Idaho has deployed a greater percentage of our National Guard Forces than any other state in the union. And in the height of our deployments, Hurricane Katrina hit the Gulf Coast. In the midst of the largest deployment in Idaho National Guard history, I sent more than 400 soldiers and airmen to Louisiana to help in the relief effort. Some time later, I spoke with the chairman of the US Senate Armed Services committee, Senator John Warner. He asked how Idaho was able to still send troops to Louisiana with our record deployment. My answer to him was that when fellow Americans call for help, Idahoans will always answer the call.

As Governor, I feel responsible for the well-being of our citizens. As Commander-in-Chief of the Idaho National Guard, I feel a special responsibility for all of our service members and for their families. With each deployment, I have been there when they leave. I've been there when they return. And I've been there when they haven't returned. I have never been so proud to be from Idaho. I have also never been so profoundly affected.

We must never forget those who have given their lives in the service of our country. And we are grateful for those who serve and safely return.

One of my honors and duties as Commander-in-Chief is to present the Purple Heart to those Idahoans who have been wounded in battle. It is an honor with deep meaning and great

tradition that dates to the Revolutionary War. It's as sacred a medal as this nation has.

I've presented the Purple Heart in a variety of settings – several at Walter Reed Army Hospital, in a city park, and in my office. There are currently four Purple Hearts that have not yet been presented. We were scheduled to present these awards across the state. But I feel that this is the place this is the time before all three branches of government and before the citizens of Idaho.

These four men represent all of our soldiers, sailors, airmen and marines who have so gallantly served. I now call upon our Adjutant General, Major General Lafrenz, and Command Sergeant-Major Lewis to assist me in the presentation of the Purple Heart to: Staff Sergeant Thomas Butler, Specialist Jason Brasse, Specialist Jesse Ingram, and Specialist Kenneth Parham. Gentlemen, would you please come forward?

Staff Sergeant Butler is assigned to Company A, 2nd Battalion 116th Cavalry Brigade, in Emmett. On June 26th, 2005 while conducting combat operations near Kirkuk, Iraq, Sergeant Butler was seriously wounded by an Improvised Explosive Device. He took shrapnel and received serious injuries to his left arm and leg, and abdomen. Sergeant Butler came home to his wife, Kimberly and their three children Amanda, Jacob, and Jared.

Specialist Jason Brasse is also assigned to Company A, 2nd Battalion 116th Cavalry Brigade, in Emmett. He was a part of the same combat operation near Kirkuk, Iraq. When the IED exploded, he was also seriously wounded, taking shrapnel in his right leg. I saw Jason and his wife Autumn at Walter Reed Army Hospital on more than one occasion.

Specialist Jesse Ingram is assigned to Detachment 2, Company B, 116th Engineer Battalion, in Grangeville. On the 14th of February, 2005 while conducting a patrol near Hawija, Iraq, his patrol took enemy fire. He received multiple shrapnel wounds to his face, neck, chest and right hand, for which he has already received one Purple Heart. After he was wounded, he returned to duty. On the 28th of April, 2005 while he was conducting another patrol in Iraq, his vehicle was destroyed by an Improvised Explosive Device. He was again seriously wounded, taking shrapnel in both arms and both legs. He's here today to receive a second purple heart.

Specialist Kenneth Parham is assigned to Detachment 1, Company B, 116th Engineer Battalion, in Orofino. On the 21st of April, 2005 his armored Humvee took a direct hit from an IED. He sustained multiple serious injuries including fractured ribs, a collapsed lung, and shrapnel wounds to his hip and shin from the explosion. This was his third incident. He came home to his wife Cheryl and their four children, Michael, Kasia, Stacey and Kenneth.

Command-Sergeant Major, post the orders.

[medal presentation]

After all that has been said tonight about the state of our state, I hope these soldiers leave no doubt: Idaho is in good hands. And while we debate public policy and budgets, figuratively fighting for the values of our constituents, let us never forget that our

fellow citizens are literally fighting for the values of freedom and democracy around the world.

We have the privilege of practicing democracy. Let us cherish that privilege and work together. We also have some extraordinary opportunities. I expect that you will fully consider and debate my proposals. I welcome an open and thorough discussion.

I look forward to working with you to make our hopes for Idaho a reality. God bless you in your work. God bless Idaho. God bless America.

The Speaker thanked Governor Kempthorne for his message. The committee came forward and escorted the Governor from the house Chamber to the House Gallery.

At this time Speaker Newcomb introduced Chief Justice Gerald F. Schroeder who delivered the following **State of the Judiciary Address** to the Joint Session:

Governor Kempthorne, Mr. Speaker, Mr. President, Mr. President Pro Tem, my colleagues on the Supreme Court, Judges of the Court of Appeals, Constitutional Officers, distinguished members of the Senate and House of Representatives, and fellow citizens of Idaho. As a personal note from me and a professional note from all the judiciary, Governor Kempthorne – **we will miss you.**

Appearing before this joint body is a great honor and privilege. It is also a great opportunity, because history has taught the courts that the legislature and the Governor are cooperative branches of our system that will work diligently with us to solve the problems of our state if we articulate and identify the needs that we see.

One of the characteristics that we see from one end of the state to the other, from the austere atmosphere of the Supreme Court building to the most hectic traffic court, the stressful domestic court or the high stakes trial of a district court, is a commitment of judges to their communities. I have always known outstanding judges, but the depth today is the strongest it has ever been.

There has been a continuing effort from the magistrates commissions, the judicial council and the Governor's office to screen and select judges of the highest caliber who are legally sound and committed to their communities. Judges who have gone to the electorate have known the high expectations of the public and have lived up to that expectation. The judges of today know that they must be able to manage caseloads that would have been considered insurmountable not too many years ago and then must extend further to meet current social needs that require additional time, education and insights.

Concepts of gang violence, meth addicts, babies born with drugs in their little bodies, sexual predators reaching out through electronics – these are not things that have always been prominent on the judicial plate or even known on that plate. They come on top of the traditional fare that the courts have always and will always deal with – a fare that expands constantly as our population grows and the complexity of issues grows.

I can't tell you about all the judges or even a large portion of them, but I want to share enough to give you a picture.

The Governor's Criminal Justice Commission has waded into the most difficult current problems affecting public safety and the criminal justice system. Some of the judiciary's best have brought their expertise to the table as full participants in this monumental effort. The insights Justice Eismann has shared about the elements of a successful drug court, the stark reality of gang mentality and violence catalogued by Judge Gutierrez, the working knowledge of Judge Stegner and Judge Smith – these are primary sources that speak clearly from a vantage that is irreplaceable.

Speaking of Judge Randy Smith from Pocatello. He sits on the Governor's Commission, he runs a drug court, he travels throughout the state to help other judges – he is a judge's judge – and most of you know him. Bless his soul. As most of you also know, the President of the United States has nominated Judge Smith to the 9th Circuit Court of Appeals, one of the most prestigious and responsible positions in the national judiciary. I hope you all share with me the exceptional pride we have and recognition of the high honor this nomination brings our state and our judiciary. For those of you who do not know Judge Smith, I'd like you to meet him. May confirmation go well, Judge Smith.

So much more is going on. Idaho was honored recently to have the national director and members of the board of directors of the Legal Services Corporation established by Congress appear in Idaho to pay special tribute to the contributions of judges in this state who have taken exceptional steps to raise our state into the upper echelon of those making access to the civil courts a reality to people who in the past had no realistic part in the legal process.

Justice Trout, Judge Horton and Judge Dennard stand on the national stage of honor and respect with very strong supporting casts. In the east Judge Moss and Judge St. Clair manage a pioneering mental health court that is a finalist to become a national model through the Council of State Governments and Department of Justice. In the north, in the treasure valley and the magic valley the judges press forward with drug courts, mental health courts, and family courts. Throughout the state innovation is dynamic in the district and magistrate courts.

On our own court, Justice Burdick has become the watchdog of fiscal responsibility for our retirement system and Justice Jones brings insights to our state that only one with his vast statewide experience can have. It is not enough said about our judges, but it's all the time appropriate.

We will bring things to the legislature that we think are critical to the maintenance and improvement of the judiciary. It has been eight years since we have asked for additional judges. The wisdom of the legislature in giving us the financial tools and structure to utilize retired senior judges has filled the gap, and it will be necessary to continue that system too if we are to keep pace with the growth of our state.

But the time has come when that system by itself cannot meet the needs of the courts to provide open doors to the expanding litigation and problem-solving approaches that have been so successful. Critical mass has arrived. The same number of judges cannot do the job. Timeliness, proper preparation, growth of

problem-solving approaches, morale itself will fade if there is not a recognition that in the last eight years Idaho has grown and poses many more challenges.

The courts, together with the legislature and the governor, are focusing a vision of the 21st century which will mean that the judges will increasingly add to their growing caseloads problem solving functions – expanded alternative dispute resolution, expanded drug and mental health courts, family courts and juvenile courts, expanded need for understanding of the special problems of a growing diverse population, expanded use of technology to do things promptly and well. In the hard financial times the state has suffered we have asked only the consideration the legislature might give all state employees.

We will be asking the legislature to recognize that a new approach to judicial compensation is necessary if we are to continue to attract the type of people to the judiciary that have made such a beneficial impact. I won't regale you with a horror story of figures at this time, but I will make a couple of notes. Your Supreme Court is 49th in the nation in compensation, and your trial courts are close to being that low in comparison to their peers in other states. A number of city and county assistant prosecuting attorneys, mid-level administrative personnel in the universities, and law school professors are paid substantially more than the Supreme Court Justices and certainly more than the trial judges whom we expect to solve the most imponderable of legal and social problems. The comparisons I make are not to people over compensated. The market demands these levels of pay to fill the positions.

We will be asking the legislature to examine carefully proposals to assure the stability and financial soundness of the judicial retirement system – this is not an enhancement, simply steps to recognize that the massive crash that followed 911 created issues of fiscal responsibility that must be addressed. In recognition of this the district judges voted several years ago their willingness to increase their contributions as part of the three prongs that support this system.

Additionally, we will ask the legislature to make some adjustments in court costs to improve the opportunity for magistrate judges to purchase retirement years. The law need not be changed, but additional funding must come. With it would come increased flexibility of the courts to utilize a pool of retired judges, expanding the very successful use that has already occurred. As many of you know, during the time Judge Petrie was facing the military hazards in Iraq, Judge Grant, a retired magistrate judge, filled that void. I know that all of you join all of us in the relief we feel in having one of our best back on Idaho turf safe. He's here with us tonight – Judge Petrie. We thank you, and all the others.

We have no specific proposals for additional funding for drug and mental health courts, but we encourage the legislature to exercise the wisdom and foresight it has shown in the past in finding money for these efforts. Since their inception over one thousand three hundred persons who might have gone to the penitentiary otherwise have graduated from these courts. Last year 40 drug free babies were born to women in drug court who might otherwise have given us severely damaged infants, bearing staggering medical costs. In my many meetings with

professionals, exposure to cases, the sights and sounds before my own eyes and ears, one word keeps surfacing as the poison of our culture – methamphetamine. I shouldn't express a personal opinion perhaps, but I will. No outside enemy will ever bring our country to its knees. If this country ever fails it will be from the internal rot of damaged brains and skewed emotions of our children seeking fulfillment through drugs, cutting short their ability to mature, driving them to acts that are unthinkable, and ultimately reducing them to shells with neither brains nor souls. Anything within your vision to interrupt this growing cycle we know you will take. And we will continue the fight. It is a fight for survival of our society.

The state of the judiciary – it is committed. The judges know that this is a wonderful state with exceptional people that do incredibly progressive things when given the opportunity. Most people are good, but even good people must at times go to court to resolve their differences. The doors must be open promptly so they can do their legal business and get back to planting, growing, building, whatever adds to life. Other people are bad or perceived to be bad. Again, the courts must clean up whatever mess is left in the aftermath of their conduct. They must do it promptly and fairly. Others are troubled by addiction and/or mental illness – long term problems that defy a quick fix. All these functions that judges must perform, and many more, require broad-ranging knowledge, specialized expertise, a proper degree of patience and a basic sense of justice.

Winston Churchill was a speaker of immense power and focus. It would be foolish to try to imitate him, but on the grand world scale when he reached out to this great country for its assistance against the crushing power of the Third Reich, he capsulized a concept that rings in our smaller scale – “give us the tools, and we will finish the job.” We look to you as a partner in delivering justice and hope you will continue your support of our efforts.

Thank you for the privilege of appearing here today.

The committees came forward and escorted the Governor, the Supreme Court Justices, Appellate Court Judges, and the elected officials to their chambers and offices respectively, and were, on their return, thanked and discharged by the Speaker.

On motion by Representative Denney, seconded by Representative Sayler, by voice vote the State of the State and Budget Address was ordered spread upon the pages of the House and Senate Journals.

On motion by Representative Denney, seconded by Representative Sayler, by voice vote the Joint Session was dissolved.

The appointed committee came forward and escorted the Senators from the House Chamber.

The members of the Senate returned to the Senate Chamber.

On request by Senator Davis, granted by unanimous consent, the State of the Judiciary Address was ordered spread upon the pages of the Senate Journal.

On request by Senator Davis, granted by unanimous consent, the Senate advanced to the Fifteenth Order of Business.

Miscellaneous Business

On motion by Senator Davis, seconded by Senator Stennett, by voice vote the Senate adjourned at 8:40 p.m. until the hour of 11:30 a.m., Tuesday, January 10, 2006.

JAMES E. RISCH, President

Attest: JEANNINE WOOD, Secretary